

**RULES  
OF  
TENNESSEE REAL ESTATE COMMISSION**

**CHAPTER 1260-5  
EDUCATIONAL REQUIREMENTS**

**TABLE OF CONTENTS**

1260-5-.01 Purpose	1260-5-.10 Withdrawal of Approval
1260-5-.02 Applications	1260-5-.11 Correspondence Courses
1260-5-.03 Requirements for Courses	1260-5-.12 Affiliate Brokers
1260-5-.04 Qualifications for Instructors	1260-5-.13 Promotional Materials
1260-5-.05 Tennessee Realtors' Institute	1260-5-.14 Repetition of Course Content
1260-5-.06 Relationship with Brokers	1260-5-.15 Fee for Educational Course Application
1260-5-.07 Records	1260-5-.16 Course Approval Periods
1260-5-.08 Inspections	1260-5-.17 Course Intermission
1260-5-.09 Changes in Applications	

**1260-5-.01 PURPOSE.** The Tennessee Real Estate Broker License Act of 1973 (as amended) requires satisfactory completion of certain courses in real estate by applicants for, and holders of, licenses as a broker or affiliate broker. The purpose of this chapter is to specify standards and procedures governing the establishment and operation of courses, programs, and schools which are designed to satisfy such educational requirements.

**Authority:** *T.C.A. §§62-13-106 and 62-13-203. Administrative History: Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980.*

**1260-5-.02 APPLICATIONS.**

- (1) The sponsor of any course(s) in real estate for which the approval of the Tennessee Real Estate Commission under *T.C.A. §62-13-303* is sought shall submit an application on the form prescribed by the Commission. The application shall be accompanied by:
  - (a) a resume outlining the education and experience of the instructor(s) of such course(s);
  - (b) a detailed description of the content of such course(s);
  - (c) the projected schedule for the teaching of such course(s); and
  - (d) such other information as the Commission may reasonably request

**Authority:** *T.C.A. §§62-13-106, 62-13-203, and 62-13-303. Administrative History: Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988.*

**1260-5-.03 REQUIREMENTS FOR COURSES.**

- (1) the applicant shall demonstrate to the satisfaction of the Commission that each course submitted for approval will:
  - (a) cover subjects which are reasonably related to the practice of real estate and suitable advanced to benefit and enrich the students enrolled;
  - (b) be conducted in a facility which contains adequate space, seating, and equipment;

(Rule 1260-5-.03, continued)

- (c) consist of no fewer than two (2) classroom hours; and
- (d) incorporate appropriate methods for determining whether a student has successfully completed such course. Such methods shall include, but not be limited to:
  - 1. a minimum attendance requirement of eighty percent (80%), except that such requirement shall be one hundred percent (100%) if the course consists of eight (8) or fewer classroom hours.
  - 2. provisions to make up for all classes missed by a student; and
  - 3. a minimum passing requirement of seventy percent (70%) and a comprehensive final examination (or equivalent measure of achievement), if the course consists of more than eight (8) classroom hours. However, courses taken by affiliate brokers or brokers of eight (8) classroom hours or less may be approved for continuing education or post licensing credit without a comprehensive final examination being given.
- (2) Each hour of classroom instruction required by *T.C.A. §62-13-303* shall consist of fifty (50) minutes of actual instruction.
- (3) There shall be a sixty (60) hour course in basic principles required of all applicants for an affiliate brokers license under *T.C.A. §62-13-303*. The “basic principles of real estate” course required of applicants for affiliate broker’s licenses by *T.C.A. §62-13-303* shall include significant instruction in the following areas:
  - (a) the real estate business
  - (b) the agency relationship
  - (c) contracts (listings; leases; sales)
  - (d) governmental controls on real estate, including the Tennessee Real Estate Broker License Act
  - (e) legal aspects of real estate
  - (f) real estate mathematics
  - (g) real estate valuation
  - (h) real estate finance
  - (i) listing, offer to purchase, and settlement forms
  - (j) Tennessee real estate laws, rules, practice, etc.
  - (k) fair housing
  - (l) any additional subject which the Commission may require by reasonable written notice to course sponsor and/or instructor.
- (4) The “office or brokerage management” course required of applicants for broker’s licenses by *T.C.A. §62-13-303* shall include significant instruction in the following areas:

(Rule 1260-5-.03, continued)

- (a) overview of theories, processes, and functions of management
  - (b) review of contracts and closing statements
  - (c) transition to management role
  - (d) planning; policy-making; setting objectives
  - (e) organizing and staffing
  - (f) recruiting, selecting, training, and retaining sales and office personnel
  - (g) written instruments; policy and procedures manual; contract between independent contractor and broker, and contract between salesperson-employee and broker
  - (h) financial systems and records
  - (i) processes, procedures, and methods of control
  - (j) stages of development in real estate firms
  - (k) market analysis
  - (l) horizontal and vertical expansions
  - (m) mergers and acquisitions
  - (n) governmental controls on real estate including the Tennessee Real Estate Broker License Act
  - (o) any additional subject which the Commission may require by reasonable written notice of the course sponsor and/or instructor.
- (5) (a) Effective January 1, 1993, the content of all courses approved by the Commission for continuing education category (3) credit shall be directly related to the following topics:
- 1. Valuation of Real Estate
  - 2. Construction-Property condition, energy
  - 3. Contracts
  - 4. Agency
  - 5. Financing Real Estate
  - 6. Investment Real Estate
  - 7. License Law and Rules
  - 8. Property Management
  - 9. Taxation of Real Estate Transaction

(Rule 1260-5-.03, continued)

10. Closing and Settlement Procedures
  11. Land Use, Planning and Zoning
  12. Time-shares
  13. Type of Property (condo, dom, pud, zero lot line, single, pud, etc.)
  14. Fair Housing
  15. Antitrust
  16. Ethics in Real Estate
  17. Professional Liability
- (b) The Commission may add or delete any subject by means of reasonable written notice to the course sponsor and/or instructor.
- (6) Any person holding a college degree with a major in real estate shall be deemed to have met the requirements for prelicensing education required for an affiliate brokers' license.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed April 17, 1985; effective May 17, 1985. Amendment filed November 17, 1987; effective January 1, 1988. Amendment filed November 21, 1988; effective January 5, 1989. Amendment filed September 13, 1989; effective October 28, 1989. Amendment filed November 4, 1991; effective December 20, 1991. Amendment filed March 24, 1994; effective June 7, 1994. Amendment filed October 1, 1998; effective December 15, 1998.

#### **1260-5-.04 QUALIFICATIONS FOR INSTRUCTORS.**

- (1) In order to be eligible for approval by the Commission, a course in real estate designed to meet the educational requirements established in T.C.A. §62-13-303 shall be under the personal and direct supervision of an instructor who:
- (a) effective January 1, 1995, has completed a Tennessee Real Estate Commission approved course in instructor training;
  - (b) holds a diploma or certificate evidencing a high school education or the equivalent thereof;
  - (c) has no complaints filed against him in the Office of the Commission which have not been satisfactorily resolved;
  - (d) if such course concerns the principles of real estate, mathematics, or sales techniques, is a licensed broker (or, with the approval of the Commission, affiliate broker) with at least five (5) years of experience in the subject of such course;
  - (e) if such course concerns the law of real estate, has graduated from a law school accredited by the American Bar Association or approved by the State Board of Law Examiners;

(Rule 1260-5-.04, continued)

- (f) if such course concerns any other field in which a degree or other recognized designation is commonly awarded, has earned such degree or designation, or has at least five (5) years of satisfactory experience in the field; and
- (g) if such course is offered for credit at a college or university, has either a master's degree and three (3) years of satisfactory experience in the area of instruction or a terminal degree in the area of instruction.

**Authority:** T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed March 24, 1994; effective June 7, 1994.

**1260-5-.05 TENNESSEE REALTORS' INSTITUTE.** Applicants for affiliate broker's or broker's licenses who elect to obtain their real estate education through the Tennessee Realtors' Institute shall remain subject to the "basic principles of real estate" and "office or brokerage management" course requirements (respectively) of T.C.A. §62-13-303.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed September 30, 1980; effective December 15, 1980. Amendment filed January 21, 1983; effective February 22, 1983. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988.

**1260-5-.06 RELATIONSHIP WITH BROKERS.**

- (1) No course in real estate which is designed to satisfy educational requirements established in T.C.A. §62-13-303 may be:
  - (a) conducted in a facility which is also utilized for conducting business of a broker or brokerage firm; or
  - (b) advertised in conjunction with any advertisement for the business of a broker or brokerage firm.
- (2) No broker or brokerage firm shall use or cause to be used any facility in which a course in real estate designed to satisfy educational requirements established in T.C.A. §62-13-303 is conducted for the purpose of discussing, inducing, or promoting affiliation with such broker or brokerage firm.

**Authority:** T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

**1260-5-.07 RECORDS.**

- (1) The sponsor of any course(s) approved by the Commission shall maintain accurate and permanent records on all students enrolled in such course(s). The records shall include all information and ratings considered in determining whether students successfully complete such course(s). Such records shall be made available upon request by the Commission or its authorized representative.
- (2) It shall be the responsibility of each licensee to provide his file identification number at the time of registration for any Tennessee Real Estate Commission approved continuing education course for affiliate brokers, or post licensing course for brokers. If the licensee fails to provide his file identification number to the sponsor, he may not receive credit for the course from the Tennessee Real Estate Commission.

(Rule 1260-5-.07, continued)

- (3) Each sponsor of any Tennessee Real Estate Commission approved continuing education course for affiliate brokers, or post licensing course for brokers, shall submit, within ten (10) working days of the completion of the course, to the Commission, a roster of all students who successfully complete each course. The roster shall include the name, social security number and file identification number of each student. This information must be provided on a roster form approved by the Commission.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984. Amendment filed February 3, 1992; effective March 19, 1992.

**1260-5-.08 INSPECTIONS.** By applying for the Commission's approval of any course in real estate, the applicant agrees to permit periodic inspections and monitoring by the Commission or its authorized representative for the purposes of evaluating facilities, course content, instructor performance, or any other relevant aspect of the administration and conduct of such course.

**Authority:** T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

**1260-5-.09 CHANGES IN APPLICATIONS.** Any material change in any information furnished in connection with any application for approval of a course (including, but not limited to, information concerning course content, instructors, and facilities) shall be submitted to and approved by the Commission before taking effect.

**Authority:** T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

**1260-5-.10 WITHDRAWAL OF APPROVAL.** Approval of any course(s) may be withdrawn by the Commission if:

- (1)
  - (a) the establishment or conduct of a course violates, or fails to meet the requirements of, the provisions of this chapter or other applicable law.
  - (b) the information contained in the application for approval is materially inaccurate or misleading;
  - (c) the sponsor, an instructor, or any other school representative disseminates false or misleading information concerning any course;
  - (d) the sponsor, an instructor, or any other school representative possesses, claims to possess, reveals, or distributes any questions utilized in examinations given by the Commission; or
  - (e) the performance of the instructor is so deficient as to impair significantly the value of a course; provided, however, that the instructor shall receive adequate notice of the discovered deficiency and opportunity to demonstrate satisfactory correction thereof.

**Authority:** T.C.A. §§62-13-106 and 62-13-203. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

**1260-5-.11 CORRESPONDENCE COURSES.** Subject to compliance with all applicable provisions of this Chapter, a correspondence course may qualify for approval by the Commission as a *post-licensing course only* if the sponsor satisfactorily demonstrates that each student will be:

(Rule 1260-5-.11, continued)

- (a) furnished a manual containing:
  - 1. a comprehensive course outline;
  - 2. specific reading and writing assignments;
  - 3. requirements for successful completion of the course; and
  - 4. information regarding availability of faculty to students.
- (b) required to complete a minimum of forty-eight (48) hours of assignments which:
  - 1. include at least six (6) written exercises submitted periodically to the instructor, graded, and returned to the student; and
  - 2. are designed progressively to reinforce and supplement knowledge acquired.
  - 3. required to complete a comprehensive final examination, or equivalent measure of achievement, administered under the supervision of the faculty or staff of an educational institution.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988.

#### **1260-5-.12 AFFILIATE BROKERS.**

- (1) The Commission may, in its discretion, designate that a portion of the continuing real estate education required of affiliate brokers by T.C.A. § 62-13-303 be composed of specific topic(s).
- (2) The “office or brokerage management” course required of applicants for broker’s licenses will not be approved as a post-licensing or continuing education course for affiliate brokers.
- (3)
  - (a) An affiliate broker whose license was originally issued between July 1, 1980, and December 31, 1987, will not be eligible for renewal of the license for the 1989-90 license period unless, during the calendar year 1988, such affiliate broker satisfactorily completes at least eight (8) classroom hours of continuing real estate education. However, this subparagraph shall not apply to an affiliate broker whose license was temporarily retired in accordance with T.C.A. §62-13-318 for the *entire* calendar year 1988.
  - (b) An affiliate broker whose license was originally issued on or after July 1, 1980 will not be eligible for renewal of the license for 1991-92 or thereafter unless, during the immediately preceding two-year license period, such affiliate broker satisfactorily completes at least sixteen (16) classroom hours of continuing real estate education. However, this subparagraph shall not apply to an affiliate broker whose license:
    - 1. was originally issued during the immediately preceding two-year license period; of
    - 2. was temporarily retired in accordance with T.C.A. §62-13-318 for the *entire* immediately preceding two-year license period.
  - (c) An affiliate broker will not receive continuing education credit for classroom hours completed prior to licensure, or during a prior license period.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed May 11, 1984; effective June 10, 1984. Amendment filed November 17, 1987; effective January 1, 1988. Amendment filed November 21, 1988; effective January 5, 1989.

**1260-5-.13 PROMOTIONAL MATERIALS.** No materials shall be used for advertising or promoting any course designed to meet the requirements of T.C.A. §62-13-303 without advance approval by the Commission. Any statements or claims made in such materials must be factually supported.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 3, 1980; effective April 27, 1980. Amendment filed May 11, 1984; effective June 10, 1984.

**1260-5-.14 REPETITION OF COURSE CONTENT.** Credit for completion of real estate education required under T.C.A. §62-13-303 will not be awarded where the content of a course duplicates or repeats that for which credit has been previously received. This rule is only limited to duplication within the same renewal period.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed November 17, 1987; effective January 1, 1988. Amendment filed October 1, 1998; effective December 15, 1998.

**1260-5-.15 FEE FOR EDUCATIONAL COURSE APPLICATION.** Before any educational course is reviewed for approval by the Commission, the following non-refundable fees shall be paid according to the following hourly credit schedule:

- (1) any course not exceeding eight (8) hours a fee of twenty-five dollars (\$25.00);
- (2) any course from nine (9) hours to thirty (30) hours a fee of fifty dollars (\$50.00);
- (3) any course exceeding thirty (30) hours a fee of one hundred dollars (\$100.00).

**Authority:** T.C.A. §62-13-203. **Administrative History:** Original rule filed July 14, 1989; effective August 28, 1989.

**1260-5-.16 COURSE APPROVAL PERIODS.**

- (1) All real estate education course approvals in effect on December 31, 1992 shall expire on that date.
- (2) All course providers shall be required to resubmit their courses for approval at least one hundred twenty (120) days prior to the applicable expiration date. Failure to meet this deadline may result in the non-approval of a course.
- (3) Effective January 1, 1993, each course approval shall remain effective for four (4) years. After four (4) years, the approval of the Commission, shall expire, unless the Commission, after reviewing a new course application, approves the course for another such time period.
- (4) Effective January 1, 1993, the Commission will approve courses based upon a four (4) year review cycle. Each cycle will end on December 31<sup>st</sup> of the fourth year. The first four (4) year period of approval will end December 31, 1996.
- (5) The Commission reserves the right to issue approvals for periods of less than four (4) years.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed February 3, 1992; effective March 19, 1992. Amendment filed March 24, 1994; effective June 7, 1994.



**1260-5-.17 COURSE INTERMISSION.** No course offered for eligibility for the affiliate brokers examination shall be held for more than six (6) hours in any twenty-four (24) hour period. There must be at least eight (8) hours of intermission between any two (2) sessions of the course.

**Authority:** T.C.A. §§62-13-106, 62-13-203, and 62-13-303. **Administrative History:** Original rule filed March 24, 1994; effective June 7, 1994.